

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2895 – HB 3246

March 26, 2012

SUMMARY OF AMENDMENT (015176): Deletes all language after the enacting clause. Creates a Class E felony, punishable by fine only not to exceed \$5,000, for selling or attempting to sell metal to a scrap metal dealer if the aggregate value of the metal in its original condition and the costs incurred in repairing and recovering any property damaged in the theft of such metal exceeds \$500. Creates a Class A misdemeanor for the unregistered activity, purchase violations, or payment violations by a scrap metal dealer. Requires the Commissioner of the Department of Commerce and Insurance (TDCI) to investigate a verified, written complaint against any scrap metal dealer alleged to have committed a violation. Requires that evidence be presented in connection with the written complaint. Establishes notice requirements for hearings and sanctions involving scrap metal dealers. Requires scrap metal dealers to register with TDCI. Requires registration to expire after two years. Prohibits a person from selling scrap metal that the person knows to be stolen. Directs that the knowing sale of stolen scrap metal shall be punished as theft and graded according to the value of the metal. Establishes the method for determining the metal's value. Authorizes the Commissioner to assess a penalty of up to \$1,000 per day per violation in addition to any other disciplinary action imposed.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Expenditures - \$1,500/One-Time
\$20,000/Recurring**

Other Fiscal Impact - The one-time (\$1,500) and recurring (\$20,000) increases in expenditures to administer this program will be covered by current Scrap Metals Registration Program revenue.

Assumptions applied to amendment:


- According to TDCI, this bill creates a new regulatory scheme that will be administered by the Department.
- TDCI will hold a rulemaking hearing, resulting in a one-time increase in state expenditures of \$1,500.

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- TDCI anticipates a recurring increase in investigative expenditures of \$10,000.
- TDCI estimates that the Scrap Metals Registration Program (SMRP) will hold 10 hearings each year at a cost of \$500 per hearing. The recurring increase in state expenditures is \$5,000 (10 hearings x \$500).
- TDCI estimates the Department will incur recurring administrative costs of \$5,000 to oversee and regulate the program.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period. The SMRP had closing balances of \$214,611 in FY10-11 and \$130,916 in FY09-10.
- The total increase in recurring state expenditures is \$20,000 (\$10,000 + \$5,000 + \$5,000), which will be covered by current SMRP revenue.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', is positioned above the printed name.

Lucian D. Geise, Executive Director

/sbh